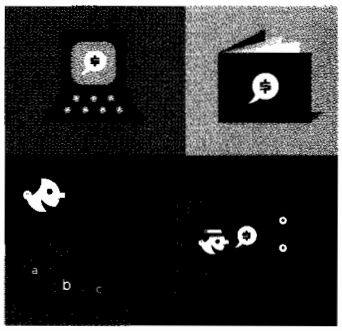
Online calls now even better

During a recent business trip to Europe, I called home from my Frankfurt hotel and spoke to my wife and sons for about 10 minutes. I didn't use the room phone, since the outrageous hotel markups would have cost $20 to $30. Instead, I plugged a headset into my laptop, fired up my computer and used my broadband Internet connection and a service called Skype. That call cost me about 24¢.

Skype, recently acquired by eBay for US$2.6 billion, is an extremely innovative service that is attracting millions of online users. Developed by the same folks who brought us Kazaa, the peer-to-peer music-sharing service, it lets you use your computer to receive and make calls to other Skype users anywhere in the world at absolutely no charge. That's nothing new — AOL and other online chat services have offered a similar type of voice capability for years. What is key to Skype's success is that it allows you to call or receive calls from anyone on the planet for a ridiculously low fee.



All you need to use Skype is a high-speed Internet connection. In the case of my Frankfurt trip, I was quite willing to pay the $10 fee for a connection in my room since I had lots of work to do online. When I was ready to make my call, I plugged my telephone headset — which features an earpiece and microphone — into my laptop, pulled up the Skype program, and dialed my home telephone number.

To my family, it was just like any other telephone call, except my voice was a little less clear; more like a cellphone call. But that's a small price to pay for a service that is dirt cheap.

You can make Skype-to-Skype calls and talk for as long as you want to any Skype user at no charge. To call any public telephone number worldwide, you need to buy a Skype Out credit — start with 10 euros. The rates are certainly impressive: most major countries can be reached for about 0.017 euros (or 2.5¢) a minute.

There's also a Skype-In capability. Let's say you are doing a lot of business in Hong Kong. Using Skype-In, you buy a Hong Kong telephone number as well as Skype voicemail. Provide your business contacts with the Hong Kong number and they will avoid paying long-distance charges. The total cost? Approximately $43 for six months. I bought a Dallas telephone number to create a US presence.

The most fascinating thing about Skype is that we are seeing the emergence of a new breed of telephone hardware that links to the service. I recently bought a Cyberphone K, which looks like a regular telephone except it plugs into the USB port of my laptop. I can pick it up and dial a telephone number and if someone calls me, it rings, just like a telephone. Of course, it is a telephone.

On my desk in the home office, I have the Internet Phone Wizard from Actiontec. This nifty telephone switch allows calls to my office phone to come in via my regular office line as well as my Dallas Skype number. I've often found myself receiving a call without knowing if it was someone who dialed my home office number or someone trying to reach my "Dallas office."

Skype is but the vanguard of yet one more aspect of the Internet telephony revolution. It's like Voice over Internet Protocol, yet is quite different in terms of how it works and the features it provides, not to mention that it involves completely different economics.

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